

**2009 STATE OF THE JUDICIARY**  
**Chief Justice Christine M. Durham**  
**January 26, 2009**

President Waddoups, Speaker Clark, members of the Senate and the House of Representatives, I thank you for the invitation to address you today, and for your courtesy in convening in joint session. I appreciate and acknowledge the presence of my colleagues from the Supreme Court, the Judicial Council, and our State Court Administrator.

My task in reporting to you on the state of Utah's judicial branch is somewhat more difficult today than it has been in the past because we are all dealing with enormous challenges and uncertainty stemming from a troubled economy and related losses in state revenue. Ordinarily I use this opportunity to report to you on court initiatives and projects that you have identified in legislation, but this year I am going to forego those reports. The entire nation is grappling with serious challenges, and we in Utah are no exception. While those of us who are engaged in public service must take full account of the problems, we must also believe that hard work and creativity will ultimately see us through. I am extremely proud of the more than one thousand employees and over one hundred judges who make up the Utah state judiciary. We are asking more from them, professionally and personally, than ever before, and they consistently perform.

The role of the state courts in the American system has never been more critical. As one of my colleagues, recently nominated as the new Chief Judge for the state of New York, observed:

[A]ll over the country, state court leaders have committed themselves, like never before, to the pursuit of court reform as a way of life, whether it be modernizing the jury system, introducing specialized drug courts and domestic violence courts, promoting more coordinated and comprehensive justice for families and children, ensuring meaningful access to the courts, or using the latest technology to promote efficiency, and cost savings, among countless other reforms.

Whether we like it or not, the state courts are in the eye of the storm; we have become the emergency room for society's worst ailments - substance abuse, family violence, mental illness, mortgage foreclosures, and so many more.

(Jonathan Lippman, "Institutional Independence of the Judiciary")

To these observations I would add the point that the courts perform an essential function in the economy generally. For every contract dispute and debt collection action in the courts, there are thousands - cumulatively hundreds of millions - of dollars tied up, awaiting resolution. And, while we tend to hear and read a lot about the nation's federal courts, it is sometimes overlooked that the state courts conduct more than ninety five percent of the judicial business of this country.

In a recent conversation I had with Scott Anderson of Zions Bank, he pointed out that in the financial industry "so much depends on the timely adjudication of court cases." He suggested that as the "carrying costs businesses incur increase because of court delays, the overall costs to the business side are significantly increased," which further harms the prospects of economic recovery.

Our economy and our public safety, along with responses to so many of the ills that beset individuals and families, depend on the operation of our courts. The conclusion that courts perform core functions of government in American society is self-evident, and is indeed at the heart of our reliance on the rule of law.

As you gather for this legislative session, Utahns from every walk of life are aware of the critical issues you face in dealing with our state's budget in light of recent revenue shortfalls. I know that every aspect of state government will be affected, and I want to spend most of my time with you today describing what we in the judiciary have already done to cut our budget, what our plans are for the coming months, and what the implications are for our ability to fulfill our constitutional role.

Let me talk first about this fiscal year. As the state's economic downturn emerged late last summer, the Utah Judicial Council took immediate and in some cases dramatic steps. We implemented a hiring freeze in September and, with the concurrence of the Governor, determined to hold open all judicial vacancies for the foreseeable future. Aside from those individuals who were already in the nominations process when our announcement was made, current and future vacancies will be held open until we have managed the worst of this crisis. We have reorganized some of the ways we do business, completely eliminating our in-house court reporters, for example, and moving instead to full-time reliance on audio recording. This is a significant break with the way the courts have preserved records for many years. Through a combination of vacancies from the hiring freeze and staff cuts in the Administrative Office of the Courts, we will see a reduction in force of sixty employees by the end of the fiscal year. We

have eliminated service contracts, closed programs, canceled travel and training, and identified every opportunity we can for creative funding and re-engineering of our operations.

We have some striking limitations, however. First, the courts' budget is almost all general fund dependent: eighty nine percent of our money comes from the general fund. Second, almost all of our budget is devoted to personnel. After our lease and contract obligations, fully ninety one percent of our budget pays for people. Thus, after the four percent budget reductions we took at the time of the special session, the additional seven and one half percent currently identified for us for this fiscal year will have to come through unpaid furloughs of our employees. The numbers are quite straightforward. As of today, we have approximately forty four million dollars left in our 2009 budget. After subtracting mandatory lease and contract payments and judges compensation (which cannot be reduced constitutionally), we will have approximately thirty million dollars left, virtually all of which is allocated to employee salaries. We have been told to assume a seven and a half percent reduction. That equates to eight million dollars out of our remaining thirty million, before the end of June. We understand that even as I speak you are engaged in discussions that may reduce the level of this cut, but until we learn otherwise it would be irresponsible not to have a plan for a seven and a half percent reduction in FY 2009.

The only way we will be able to accomplish such a large reduction is to furlough every one of our thousand employees for twenty-six days before June 30<sup>th</sup>, a total furlough of more than five full work weeks. This will mean that our employees will experience a twenty percent reduction in pay in every paycheck, and it also means that the courts will not be adequately

staffed to perform our work. But even more critical is the impact of reduced staffing on the ability of the courts to do the public's business.

Because the time remaining in the fiscal year is so short, we believe that it would not be fair to our staff to delay the furlough process to the end of the legislative session. It will be more fair to our employees to distribute the burden over as much time as we can, and we are already effectively only twenty weeks away from the end of the fiscal year. While we hope that you will find a way to make implementation of this drastic step unnecessary, or at least very limited in duration, the Judicial Council has decided it will be necessary to start the furloughs for all of our employees in mid-February. Local presiding judges and court administrators have met and will meet again to address how to effectively operate the courts with such an emaciated staffing level. One option on the table is to close courts on a regular schedule to allow for somewhat normal staffing on other days. Let me be clear: this is not the way we as a state want to run our courts; this is not what Utah's citizens are entitled to. We need your help to find a way for the courts to perform their essential governmental role, and we hope that we will be able to re-assess our plans as the budget comes into clearer focus during the session.

I know that other government entities and many private businesses are also dealing with staffing reductions. At least in the private sector, however, when the employees are reduced it is because the work is reduced too. For us, the opposite is true. The workload of the courts is directly tied to the performance of the economy. For the first half of this fiscal year, we have seen a completely unprecedented increase in court filings. Civil case filings statewide were up twenty two percent, the first time in the history of the Utah courts that we have ever seen

anything in double digit increases; criminal filings were also up. In a fairly dramatic illustration of the fact that the downturn in the economy gets reflected almost immediately in the work of the courts, filings in contract disputes increased sixty-one percent, debt collections twenty-seven percent, child custody and support matters twenty-seven percent, and mortgage foreclosures one hundred and one percent.

These pronounced trends will only get worse. As my colleague from New York put it, the state courts are the nation's legal "emergency rooms," and there are going to be a lot more emergencies out there for a while. If this were an ordinary year, the filing increases in the first half of this year would justify a request for three new trial judges and over forty new court clerks. Instead, the combination of increased demand and decreased resources is profoundly affecting our ability to hear cases at all levels of court. We are already receiving complaints from lawyers and members of the public about delays in processing cases, and frankly I sympathize with them. Delays in the resolution of legal disputes have profound human and economic costs.

Drastically reduced staffing and the possible court closures that likely would follow are not merely an inconvenience; they are an economic disaster. The more dreadful the economy, the greater the need for an efficient court system that can quickly get judgments entered and money transferred from debtors to creditors. The "domino effect" of a creditor's inability to secure a prompt court -ordered judgment is far-reaching. A small business that cannot get money or assets owed to it is then at risk of defaulting on its obligations to suppliers and employees; then the suppliers and employees are unable to meet their obligations, and so on up

the money trail to banks and investors, who in turn become unable to invest or loan money.

Small debts become exponentially larger debts contributing to economic gridlock. These are not consequences that might be realized down the road; these effects can already be seen today, and they will only get worse as our existing filing backlog grows.

The problems are no less severe on the human side. In delinquency cases in the juvenile courts, for example, the goal is to intervene at the earliest possible moment in a child's unlawful behavior to prevent escalation into more serious criminal acts. Drug and alcohol use, without swift response, will in many cases lead to addiction. Because we will have to prioritize child welfare cases, which have mandatory time requirements, the processing of delinquency cases will inevitably slow. Imagine a fifteen-year-old who is being recruited by a gang and is caught shoplifting. In the months it will take to get that child and his family into court he may well become a full-fledged gang member with serious criminal acts under his belt. This is not the court system we want for Utah.

Let me move to a discussion of our budget for 2010. Under current projections, with the fifteen percent cuts the legislature has requested, the prospect is also bleak, but in this case we have some time and more options. The legislative fiscal analyst has calculated that at fifteen percent, the courts would have to permanently eliminate two hundred and eighty three court employees. Except for vacancies resulting from our current hiring freeze, every one of those positions has a person in it. A reduction in force at this level is to me almost unimaginable, but it would certainly entail closing some court locations permanently, and being unable to try civil cases or hear delinquency matters because we would have to prioritize criminal and child welfare

cases to comply with constitutional and statutory requirements. Our capacity to do our work at even a minimally acceptable level would be gravely threatened; the time to resolve routine matters would go from weeks to months, and for more complex ones from months to years.

In searching for options to deal with these concerns, we conducted a survey of neighboring states to examine how our court fee structure compared. We determined that Utah is on the low end of civil filing fees, and that it would be equitable to raise those fees as a means of generating funds to avoid drastic personnel reductions. We need, of course, your support for such a proposal, and hope that you will see it as a reasonable solution to our budget dilemma for 2010. At the new filing fee levels we propose, enough revenue would be generated to prevent the hundreds of personnel losses that will otherwise be necessary. We have calibrated the proposed increases to distribute the burdens fairly, and we predict that Utah will remain on the low end of the scale after other states have revisited fees (as most are planning to do this year). Furthermore, if you are able to adopt a fee increase, it could be made effective on April 1<sup>st</sup>, which would generate three months of revenue in 2009 that could be used to reduce the length of our employee furlough and court closures. Such a solution would help maintain the courts' ability to function, and would reduce a significant amount of individual suffering, which in turn would have positive economic consequences.

While the solutions I have detailed are intended to alleviate the courts' budget concerns directly, we also have ideas that would benefit the state coffers generally. For example, the courts play a role in the collection of a variety of debts owed the state. Criminal fines, tax liens and surcharges are examples of state debts collected under court authority. One way in which



you could assist us in that collection function is to support pending federal legislation that would allow the state to intercept federal tax refunds that are due to those who owe the state money. Utah's Finders Program currently intercepts state refunds; this would allow federal funds to be attached as well. A joint resolution supporting this federal proposal would help Congress to understand the need, and passage of that federal law would generate millions of dollars for Utah's general fund.

Let me end where I began, in emphasizing the critical role that courts play in sustaining and stabilizing the rule of law and the economic engines of our society. We resolve contract and property disputes, employment and labor issues, tax and regulatory cases, debt collections and property repossessions, state and local government disputes, divorce, child custody and family support cases, domestic violence claims, child welfare cases where the safety of children is at issue, juvenile delinquency cases where early and prompt intervention in young lives may prevent human tragedy, and, on the criminal side, dispositions that are necessary for public safety and effective law enforcement and, in settings like drug courts, may restore people to productive lives free of addiction and criminal acts. None of these are optional services; these are things that a constitutional democracy owes its citizens.

We in the courts are prepared to do everything in our power to continue to serve the people of Utah efficiently and effectively. We hope that you will do everything in your power to preserve our ability to do so. These are very hard times, and we are ready to do our part. But I believe that the magnitude of the budget cuts we are currently being asked to take will cause our capacity to perform our core governmental function to grind to a halt. Utah needs a healthy,

functioning court system. I hope that I have done an adequate job today of explaining the challenges we face and their impact on the public, and of making it clear how much we need your help. For your dedication, for your hard work, and for your public service, thank you.

